



*Market Analysis*

26/04/2024

# NEWS ANALYSIS

- The dollar index steadied around 105.6 on Friday as investors stayed on the sidelines ahead of a key US inflation reading for March that could provide more clues on the path for Federal Reserve monetary policy. On Thursday, the index slid to near two-week lows as data showed that the US economy expanded an annualized 1.6% in Q1 2024, well below forecasts of 2.5% and the lowest growth in about two years. Meanwhile, the same report showed that underlying inflation accelerated in the first quarter, while the latest jobless claims continued to point to a tight labor market, clouding the outlook for potential Fed rate cuts this year.
- The inflation figures ... potentially even point to the need for a further tightening. We know that returning CPI (consumer price index) to target is the Fed's main objective and therefore, on balance, today's figure probably pushes an interest rate cut further down the road.
- The U.S. dollar is steady but could turn higher later in the day. The dollar should be trading higher and is likely to rebound as it relinks with moves in rates. It would not be the first time that the dollar reconnects with rates and equities with a small lag. We think this is likely to happen today or early next week. The DXY dollar index, which is last up 0.1% at 105.658, should rise back above 106.00.







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# EURUSD

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# EURUSD

- The EUR/USD pair prints mild gains ahead of the crucial US data on Friday after the previous day's bounce of the 1.0690 level.
- The US Personal Consumption Expenditures (PCE) Price Index data is due for release later during the North American session and will be looked upon for cues about the Federal Reserve's (Fed) rate cut path. This, in turn, will play a key role in influencing the near-term USD price dynamics.
- Apart from this, bets that the European Central Bank (ECB) will start cutting interest rates in June, amid a faster-than-anticipated fall in the Eurozone inflation, suggests that the path of least resistance for the EUR/USD pair is to the downside.
- The fiber is likely to extend its upside journey to the 1.0750 level. A breach of the latter will pave the way for additional gains to the 1.0800 threshold. On the contrary, bears need to conquer the 1.0690 support to drag the main pair to 1.0640.









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# GBPUSD

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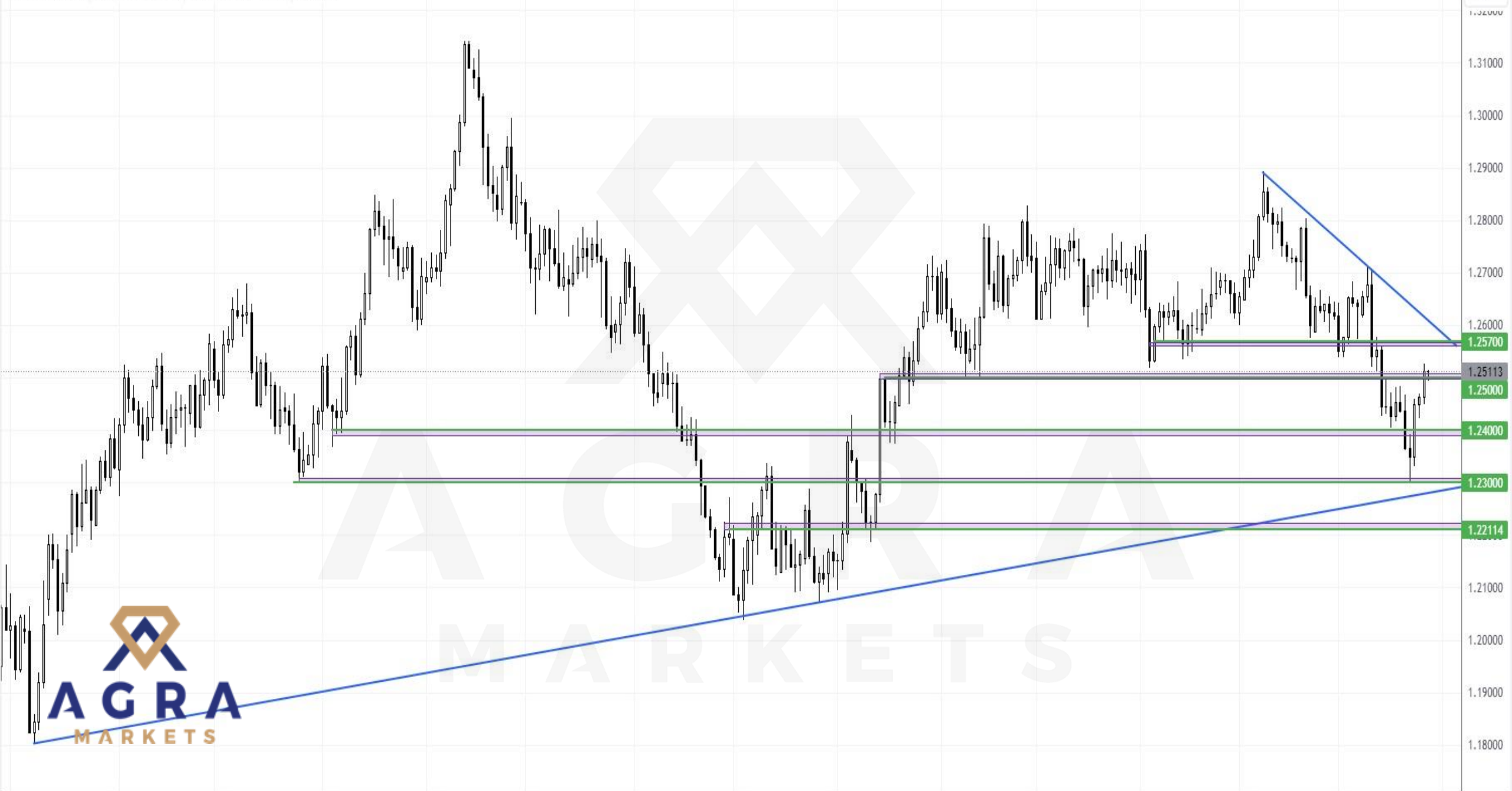


# GBPUSD

- The GBP/USD pair has attracted bids at the support of 1.2500, which could lead to a recovery move on Friday. The asset shows strength as recent survey data has shown an improved economic outlook for the United Kingdom even though the Bank of England (BoE) is maintaining interest rates higher.
- Higher demand for services tends to boost employment and wages in the sector, contributing to inflation pressures. This could stall progress in inflation easing to the desired rate of 2%. Also, BoE policymakers have remained worried about high service inflation.
- A few BoE policymakers see inflation receding sharply in upcoming months but still refrain from providing a concrete time frame for interest-rate cuts. In the press conference after the last monetary policy meeting, BoE Governor Andrew Bailey said market expectations for two or three rate cuts this year are not “unreasonable”.
- The bulls are likely to drive the asset higher to the 1.2570 level, followed by the downtrend line. Alternatively, bears need to violate the uptrend line confidently to aim for the 1.2400 level.







GBPUSD, 4h, O1.25007 H1.25139 L1.24993 C1.25104 +0.00097 (+0.08%)

USD



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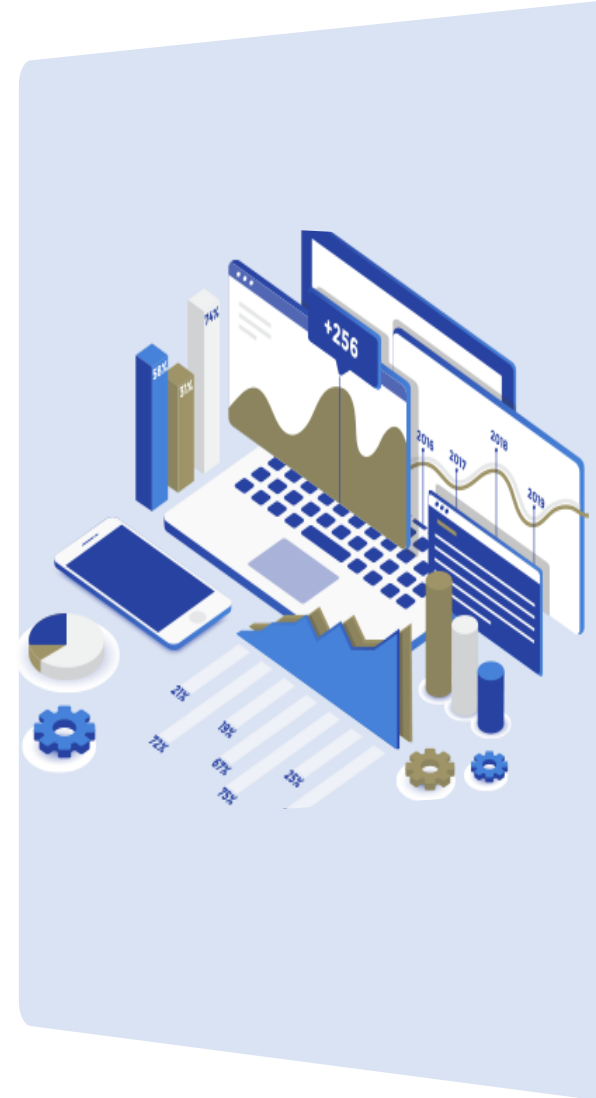
# USDJPY

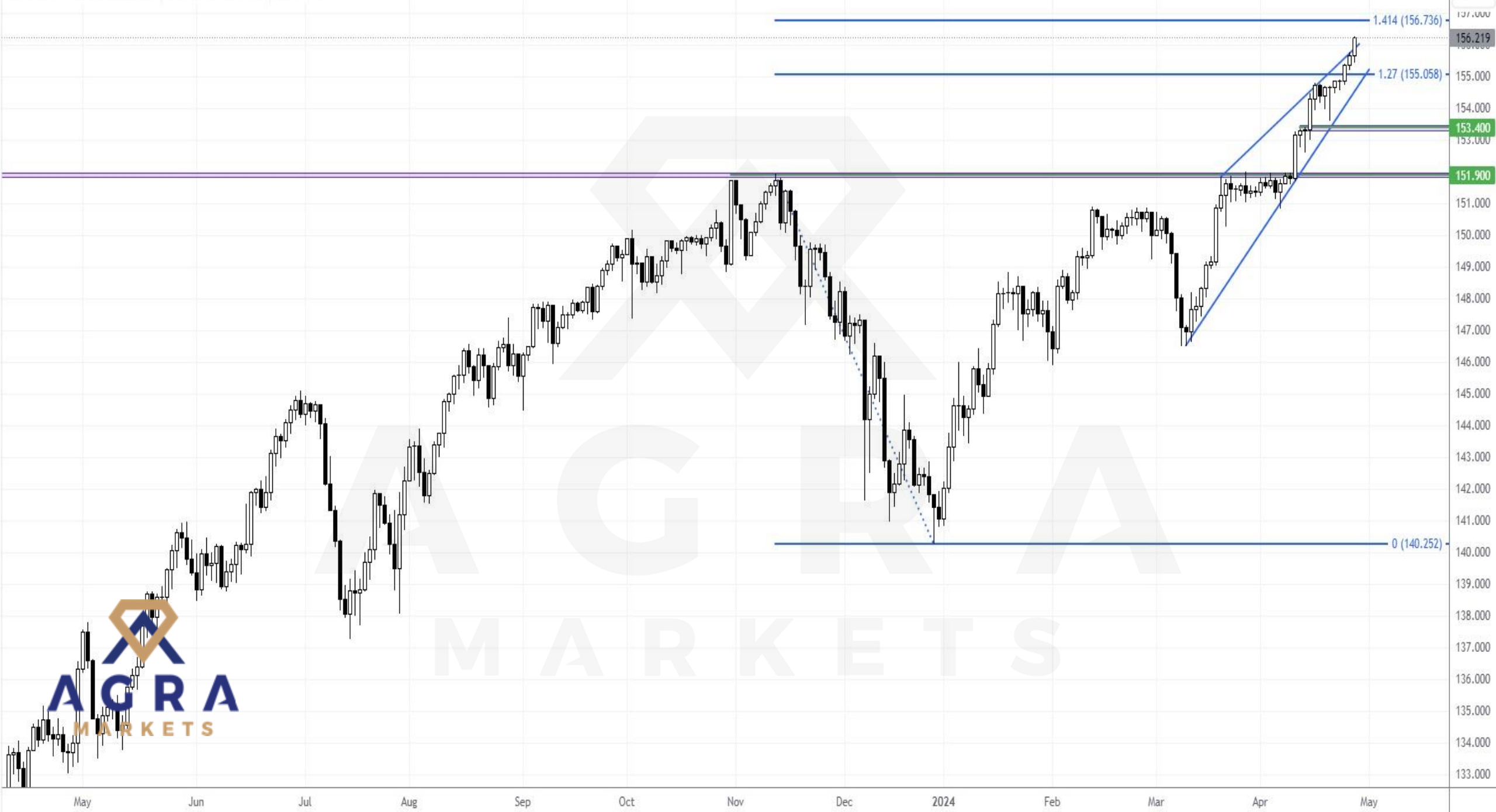




# USDJPY

- The USD/JPY pair continues to gain for the sixth consecutive day, trading around 156.22 during early Friday.
- Japan's Tokyo Consumer Price Inflation (CPI) inflation printed well below expectations early Friday, which will complicate the Bank of Japan's (BoJ) upcoming rate call and Monetary Policy Report, due during the Pacific market session.
- Tokyo CPI inflation rose only 1.8% on an annualized basis in April, well below the previous print of 2.6%. Markets were broadly expecting Tokyo inflation to hold steady over the period.
- The bulls could aim for the 156.73 level as an immediate target during further upside. Meanwhile, downfall remains elusive until the quote stays above the 155.00 level. Even if the USD/JPY pair falls below 155.00, it needs to cross the uptrend line to recall the bears.





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# XAUUSD



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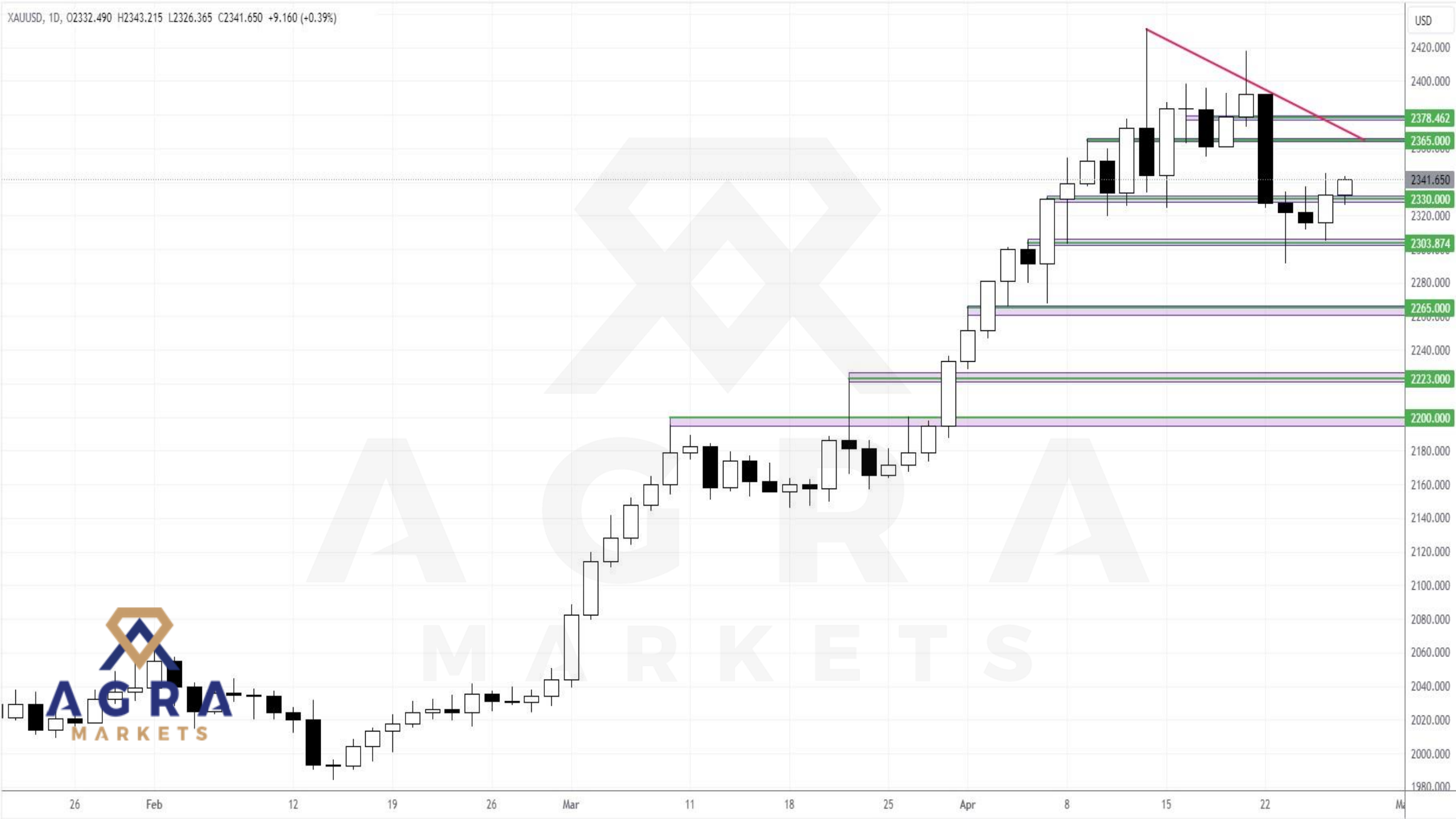


# XAUUSD

- Gold inched up on Friday ahead of a key U.S. inflation report, but prices were on track for their first weekly drop in six weeks on easing concerns of a major escalation of the Middle East crisis. Spot gold rose 0.3% at \$2,339.32 per ounce by 0640 GMT. U.S. gold futures rose 0.4% at \$2,351.20.
- Geopolitical tensions in the Middle East have allowed the precious metal to surge in recent weeks and created a firm floor under gold prices, especially as a Rafah invasion by Israeli forces looms. However, renewed dollar strength and a pushback in market expectations for the first Federal Reserve interest-rate cut will cap the rally in prices, given its non-interest-bearing characteristics. If Middle East tensions stay at the status quo, expect gold prices to face some resistance at the \$2,400 level, with further escalations pushing prices higher.
- The precious metal is trading above the support of \$2,330. The precious metal is expected to find significant bids around this level and the bulls can drag the asset towards the resistance of \$2,365. Alternatively, if the yellow metal drops below the support of \$2,330, a bearish trigger will drag the asset towards the next support at around \$2,303



XAUUSD, 1D, O2332.490 H2343.215 L2326.365 C2341.650 +9.160 (+0.39%)



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2420.000  
2400.000  
2378.462  
2365.000  
2341.650  
2330.000  
2320.000  
2303.874  
2280.000  
2265.000  
2240.000  
2223.000  
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# S&P

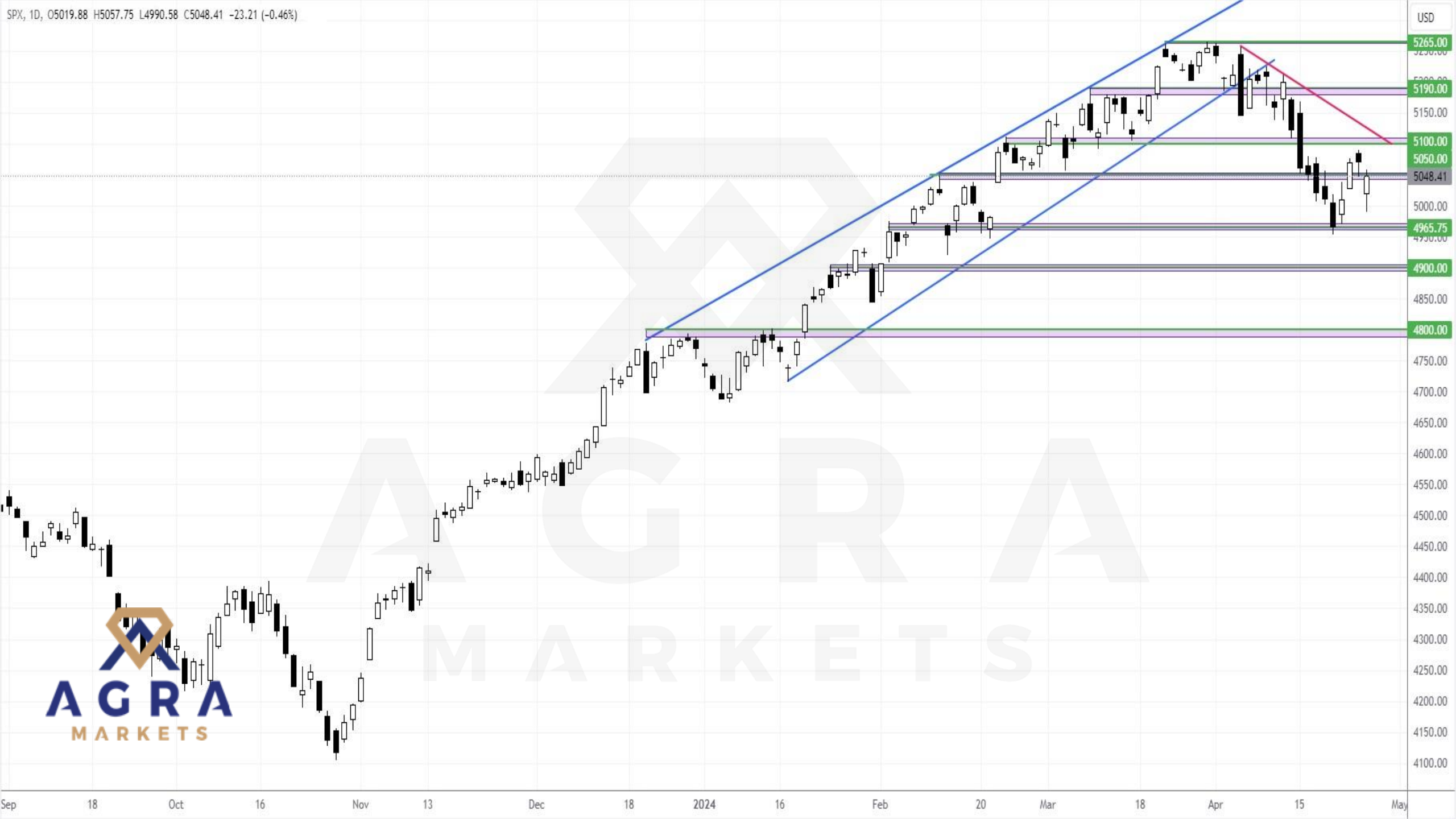
- Stocks in the US closed sharply lower on Thursday after the GDP release showed the US economy slowed down sharply and pointed to persistent inflation.
- While all 11 of the S&P 500's major industry indexes were down earlier in the day, five of them ended up closing in positive territory. The biggest gainer on the day was materials, which added 0.7%. Newmont Corp was by far the biggest gainer in that sector, adding 12.5% after its results.
- Communications services took the biggest hit among sectors with Meta Platform its weakest link falling 10.6% after its disappointing quarterly update. Then Comcast Corp was next, losing 5.8% after its report showed an upbeat streaming performance but with broadband customer losses.
- The resistance of 5,050 could prevent the upside move and direct the index to 4,965.75. On the contrary, bulls need to surpass the 5,100 resistance to resume the upside move to 5,190.





SPX, 1D, 05019.88 H5057.75 L4990.58 C5048.41 -23.21 (-0.46%)

USD



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Sep 18 Oct 16 Nov 13 Dec 18 2024 16 Feb 20 Mar 18 Apr 15 May



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